



STATE OF ARIZONA

JANICE K. BREWER  
GOVERNOR

EXECUTIVE OFFICE

April 26, 2011

The Honorable Ken Bennett  
Secretary of State  
1700 W. Washington, 7<sup>th</sup> Floor  
Phoenix, Arizona 85007

Dear Secretary Bennett:

Today I vetoed House Bill 2577 relating to legislative appropriation of federal funds.

The disposition of federal funds is traditionally and constitutionally held by the Executive Branch. Any limitation or changes in that authority should be considered within the overall balance of power between the three branches of government. Therefore I have vetoed this bill.

Sincerely,

A handwritten signature in black ink that reads "Janice K. Brewer". The signature is fluid and cursive, with the first name "Janice" being the most prominent part.

Janice K. Brewer  
Governor

cc: The Honorable Justin Olson  
Senate Secretary  
Chief Clerk of the House of Representatives  
Arizona News Service

House Engrossed

State of Arizona  
House of Representatives  
Fiftieth Legislature  
First Regular Session  
2011

# HOUSE BILL 2577

AN ACT

AMENDING TITLE 35, ARIZONA REVISED STATUTES, BY ADDING CHAPTER 1.1; RELATING  
TO APPROPRIATION OF FEDERAL MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Title 35, Arizona Revised Statutes, is amended by adding chapter 1.1, to read:

CHAPTER 1.1

APPROPRIATION OF FEDERAL MONIES

ARTICLE 1. GENERAL PROVISIONS

35-251. Definition of noncustodial federal monies

FOR THE PURPOSES OF THIS CHAPTER, "NONCUSTODIAL FEDERAL MONIES":

1. MEANS FEDERAL MONIES THAT MEET ONE OF THE FOLLOWING CRITERIA:

(a) ARE DESIGNATED BY THE FEDERAL GOVERNMENT AS BLOCK GRANT MONIES.

(b) ARE DESIGNATED BY THE FEDERAL GOVERNMENT AS GENERAL REVENUE SHARING MONIES.

(c) PROVIDE THIS STATE WITH BROAD AUTHORITY TO MAKE SPENDING DECISIONS REGARDING THE DEVELOPMENT, IMPLEMENTATION OR OPERATION OF A PROGRAM OR SERVICE.

(d) ARE CONSIDERED ESSENTIAL TO MEET TOTAL SPENDING OBLIGATIONS OF A FEDERALLY REQUIRED OR MATCHED PROGRAM OR SERVICE AUTHORIZED BY THE LEGISLATURE IN WHICH THE FEDERAL GOVERNMENT REQUIRES AT LEAST ONE PER CENT OF THE PROGRAM OR SERVICE FUNDING TO COME FROM THIS STATE.

2. DOES NOT INCLUDE FEDERAL MONIES OR RESEARCH GRANTS AWARDED TO THE UNIVERSITIES, UNIVERSITY EMPLOYEES OR THE ARIZONA BOARD OF REGENTS FOR AND ON BEHALF OF THE UNIVERSITIES UNDER THEIR JURISDICTION, FEDERAL MONIES FOR USE BY THE DEPARTMENT OF EMERGENCY AND MILITARY AFFAIRS AND FEDERAL MONIES AWARDED DIRECTLY TO SCHOOL DISTRICTS OR COMMUNITY COLLEGES.

35-252. Receipt of noncustodial federal monies; accounting

ALL NONCUSTODIAL FEDERAL MONIES RECEIVED BY ANY BUDGET UNIT SHALL BE ACCOUNTED FOR IN SEPARATE ACCOUNTS OR FUNDS AS NECESSARY TO MEET ACCOUNTING, BUDGETARY AND AUDITING REQUIREMENTS. THE DEPARTMENT OF ADMINISTRATION MAY USE THE MOST EFFICIENT SYSTEM OF ACCOUNTS AND RECORDS, CONSISTENT WITH LEGAL REQUIREMENTS AND STANDARDS, AND NECESSARY FISCAL SAFEGUARDS.

35-253. Appropriation of federal monies; legislative powers and duties

A. THE LEGISLATURE RETAINS THE AUTHORITY TO APPROPRIATE NONCUSTODIAL FEDERAL MONIES. IF THE LEGISLATURE DOES NOT MAKE AN APPROPRIATION FOR EITHER A PARTICULAR FUND, SPECIFIC GRANT PROGRAM OR BLOCK OF NONCUSTODIAL FEDERAL MONIES, THE BUDGET UNIT THAT HAS LAWFUL AUTHORITY SHALL ADMINISTER AND SPEND THESE MONIES PURSUANT TO FEDERAL AND STATE LAW.

B. THE LEGISLATURE SHALL SPECIFY IN EACH FEDERAL MONIES APPROPRIATION THE PURPOSES FOR WHICH FEDERAL MONIES ARE TO BE USED, CONSISTENT WITH FEDERAL LAW. FOR PURPOSES OF OBTAINING EXPENDITURE AUTHORITY FOR UNANTICIPATED FEDERAL MONIES THAT MAY BECOME AVAILABLE WHEN THE LEGISLATURE IS NOT IN SESSION, THE LEGISLATURE MAY MAKE A LUMP SUM APPROPRIATION. THE JOINT LEGISLATIVE BUDGET COMMITTEE SHALL REVIEW IN ADVANCE THE EXPENDITURE OF ANY MONIES FROM THE LUMP SUM APPROPRIATION, SUBJECT TO ANY CONDITION SPECIFIED BY THE LEGISLATURE.

1 C. IF THE AMOUNT OF THE FEDERAL MONIES RECEIVED IS LESS THAN THE  
2 AMOUNT APPROPRIATED, THE APPROPRIATION OF FEDERAL MONIES SHALL BE REDUCED TO  
3 THE AMOUNT OF THE FEDERAL MONIES RECEIVED. THE ACTIVITIES FINANCED BY THE  
4 FEDERAL MONIES SHALL BE REDUCED PROPORTIONATELY.

5 D. IF THE AMOUNT OF THE FEDERAL MONIES RECEIVED IS MORE THAN THE  
6 AMOUNT APPROPRIATED, THE TOTAL APPROPRIATION OF FEDERAL AND STATE MONIES  
7 ALLOCATED FOR A PROGRAM SHALL REMAIN AT THE AMOUNT DESIGNATED BY THE  
8 LEGISLATURE. THE STATE TREASURER SHALL CREDIT THE EXCESS FEDERAL MONIES TO  
9 THE APPROPRIATE BUDGET UNIT ACCOUNT.

Passed the House March 3, 20 11

Passed the Senate April 19, 20 11

by the following vote: 37 Ayes,

by the following vote: 21 Ayes,

20 Nays, 3 Not Voting

2 Nays, 0 Not Voting

[Signature]  
Speaker of the House

[Signature]  
President of the Senate

Cheryl Laube  
Chief Clerk of the House

[Signature]  
~~Assistant~~ Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF GOVERNOR

This Bill received by the Governor this

20 day of April, 20 11

at 8:30 o'clock A. M.

[Signature]  
Secretary to the Governor

Approved this \_\_\_\_\_ day of \_\_\_\_\_

at **VETO** o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA  
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this \_\_\_\_\_ day of \_\_\_\_\_, 20 \_\_\_\_\_

H.B. 2577

at \_\_\_\_\_ o'clock \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of State